

KSK Dibbin Hydro Power Private Limited**Balance Sheet as at 31 March 2015**

(All amounts in Indian Rupees, except share data and where otherwise stated)

	Notes	31 Mar 2015	31 Mar 2014
I.EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	3	80,46,00,000	1,00,000
		<u>80,46,00,000</u>	<u>1,00,000</u>
(2) Non-current liabilities			
(a) Long-term borrowings	4	17,00,00,000	15,46,00,000
		<u>17,00,00,000</u>	<u>15,46,00,000</u>
(3) Current liabilities			
(a) Short-term borrowings	4	28,00,000	5,67,50,000
(b) Trade payables	5	15,90,076	3,74,086
(c) Other current liabilities	6	1,92,25,537	92,91,48,699
		<u>2,36,15,613</u>	<u>98,62,72,785</u>
TOTAL		<u>99,82,15,613</u>	<u>1,14,09,72,785</u>
II.ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	7	2,29,02,373	2,81,98,384
(ii) Capital work in progress		77,43,69,054	1,05,40,52,668
(b) Long-term loans and advances	8	5,54,43,244	5,54,16,811
		<u>85,27,14,671</u>	<u>1,13,76,67,863</u>
(2) Current assets			
(a) Cash and bank balances	9	14,46,19,703	23,38,258
(b) Short-term loans and advances	8	7,55,807	8,52,677
(c) Other current assets	10	1,25,432	1,13,987
		<u>14,55,00,942</u>	<u>33,04,922</u>
TOTAL		<u>99,82,15,613</u>	<u>1,14,09,72,785</u>

See accompanying notes to the financial statements 2

This is the Balance Sheet referred to in our report of even date.

for T R Chadha & Co.,
Firm Registration No. 006711N
Chartered Accountants

for and on behalf of the Board

Pravin Jabade
Partner
Membership No. 107196

M Balakrishnan
Managing Director
DIN: 07129848

Tanmay Das
Director
DIN: 00680042

Place : Hyderabad
Date : 28 May 2015

Akula Vikram
Company Secretary

KSK Dibbin Hydro Power Private Limited**Cash Flow Statement for the year ended 31 March 2015**

(All amounts in Indian Rupees, except share data and where otherwise stated)

	31 Mar 2015	31 Mar 2014
CASH FLOW FROM OPERATING ACTIVITIES		
Operating profit before working capital changes	-	-
Adjustments for:		
Loans and advances	96,870	66,83,760
Trade payables	12,15,990	2,70,434
Other liabilities and provisions	(5,54,285)	(30,49,762)
Cash generated from operations	7,58,575	39,04,432
Direct taxes	(26,433)	(11,121)
Net cash from operating activities	7,32,142	38,93,311
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets including capital work-in-progress	(1,96,63,655)	(56,72,506)
(Investment)/redemption of bank deposit	(1,14,629)	(1,12,916)
Interest received	1,41,064	1,24,037
Net cash used in investing activities	(1,96,37,220)	(56,61,385)
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of finance cost	(1,77,834)	(8,13,44,364)
Proceeds from issue of shares/share application money	15,28,00,000	87,92,00,000
Proceeds from long term borrowings	1,54,00,000	-
Repayment of long term borrowings	(9,17,318)	(55,24,122)
Proceeds from /(repayment of) short term borrowing (net)	(60,32,954)	(79,08,60,000)
Net cash from financing activities	16,10,71,894	14,71,514
Net increase/(decrease) in cash and cash equivalents	14,21,66,816	(2,96,560)
Cash and cash equivalent at the beginning of the year	9,32,271	12,28,831
Cash and cash equivalent at the end of the year	14,30,99,087	9,32,271
Notes:		
Cash and cash equivalents include:		
Cash in hand	35,006	1,03,728
Balances with banks;		
On current account	14,30,64,081	8,28,543
	14,30,99,087	9,32,271

This is the cashflow statement referred to in our report of even date.

for T R Chadha & Co.,

Firm Registration No. 006711N

Chartered Accountants

for and on behalf of the board

Pravin Jabade

Partner

Membership No. 107196

M Balakrishnan

Managing Director

DIN: 07129848

Tanmay Das

Director

DIN: 00680042

Place : Hyderabad

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Akula Vikram

Company Secretary

KSK Dibbin Hydro Power Private Limited

Notes to the Financial Statements

(All amounts in Indian Rupees, except share data and where otherwise stated)

1. Company Overview

The Company was incorporated on April 9, 2007 for setting up a 120 MW Hydel based Power Plant in Tehsil Nafra, West Kameng District in the State of Arunachal Pradesh.

2. Significant accounting policies

2.1 Accounting convention

The financial statements of KSK Dibbin Hydro Power Private Limited (or “the Company”) have been prepared and presented in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the basis of a going concern, with revenues recognized and expenses accounted on their accrual including provisions/adjustments for committed obligations and amounts determined as payable or receivable during the accounting period.

GAAP comprises accounting standards notified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of Companies Act, 2013.

2.2 Use of estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of financial statements and reported amounts of income and expenditure for the year. Future results could differ from these estimates due to these estimates and any revision to accounting estimates is recognized in the period in which results are known / materialised.

2.3 Cash flow statement

Cash flows are reported using the indirect method, where by the net profit before tax is adjusted for the effects of transactions of a non cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated and presented separately.

2.4 Fixed assets and depreciation

Tangible Fixed assets are stated at cost of acquisition less depreciation. Cost of acquisition is inclusive of freight, duties, levies and all incidentals directly or indirectly attributable to bringing the asset to its working condition for its intended use.

Depreciation is computed based on the useful life of the assets as prescribed under Section 123 of the Companies Act, 2013 read with schedule II of the Companies Act 2013. Depreciation is calculated using straight line method. Depreciation is calculated on a pro-rata basis from the date of installation / capitalization till the date the assets are sold or disposed.

Intangible assets, viz., Computer software is recognized as per the criteria specified in the Accounting Standard (AS) 26 “Intangible Assets” notified by the Central Government of India under Companies (Accounting Standards) Rules, 2006 and is amortized over a period of three years.

Leasehold improvements are amortised over the lease period.

KSK Dibbin Hydro Power Private Limited

Notes to the Financial Statements

(All amounts in Indian Rupees, except share data and where otherwise stated)

2.5 Capital work in progress

Capital work in progress is carried at cost and incidental and attributable expenses including interest and depreciation on fixed assets in use during construction are carried as part of “Expenditure during construction period, pending allocation” to be allocated/apportioned on major assets on commissioning of the project.

In respect of supply-cum-erection contracts, the value of supplies received at site and accepted is treated as Capital Work-in-progress.

2.6 Foreign currency transaction

Foreign Currency transactions are initially recorded at the rates of exchange prevailing at the date of transaction.

At the balance sheet date foreign currency monetary items are translated using the closing/contracted rate. Non monetary items denominated in foreign currency are reported at the exchange rate prevailing at the date of transaction. The differences in translation of monetary assets and liabilities and realized gains and losses on foreign currency transactions are recognized under Expenditure during construction period, pending allocation.

Other exchange differences are recognized as income or expense in the year in which they arise.

2.7 Retirement benefits

Provident fund

Contributions payable to the recognised provident fund, which is a defined contribution scheme are charged to the expenditure during construction period pending allocation.

Gratuity

Gratuity is a defined benefit plan. The Company makes annual contributions to a gratuity fund administered by trustees and managed by Life Insurance Corporation of India. The liability is determined based on the actuarial valuation using projected unit credit method. Actuarial gains and losses, comprising of experience adjustments and the effects of changes in actuarial assumptions are recognized immediately under expenditure during construction period pending allocation.

2.8 Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalized.

All other borrowing costs are recognised as an expense in the year in which they are incurred.

2.9 Leases

Lease that do not transfer substantially all the risks and rewards of ownership are classified as operating leases and recorded as expense as and when the payments are made over the lease term.

KSK Dibbin Hydro Power Private Limited

Notes to the Financial Statements

(All amounts in Indian Rupees, except share data and where otherwise stated)

2.10 Taxes on income

Income tax expense comprises current tax.

Current tax

The current charge for income taxes is calculated in accordance with the relevant tax regulations applicable to the Company.

2.11 Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

2.12 Provisions and contingencies

The Company recognizes a provision when there is a present obligation as a result of past obligating event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions for onerous contracts i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

KSK Dibbin Hydro Power Private Limited**Notes to the Financial Statements**

(All amounts in Indian Rupees, except share data and where otherwise stated)

3 Share Capital

	31 Mar 2015	31 Mar 2014
Authorized:		
94,000,000 (31 Mar 2014-10,000) equity shares of Rs. 10/- each	94,00,00,000	1,00,000
	94,00,00,000	1,00,000
Issued, subscribed and paid up:		
80,460,000 (31 Mar 2014-10,000) equity shares of Rs.10/- each fully paid-up	80,46,00,000	1,00,000
	80,46,00,000	1,00,000

Notes:**(a) Reconciliation of number of shares outstanding**

<i>Outstanding at the beginning of the year</i>	10,000	10,000
<i>Issued during the year</i>	8,04,50,000	-
<i>Outstanding at the end of the year</i>	8,04,60,000	10,000

(b) Details of more than 5% shareholding

Name of the shareholder	31 Mar 2015	31 Mar 2014
Fully paid up shares		
KSK Energy Ventures Limited		
Number of shares held	6,51,80,000	10,000
Percentage of shareholding	81.01	100.00
North Eastern Electric Power Corporation Limited		
Number of shares held	1,52,80,000	-
Percentage of shareholding	18.99	-
Total percentage of holding	100.00	100.00

4 Borrowings

	31 Mar 2015	31 Mar 2014
Long-term borrowings		
<i>Unsecured</i>		
Bonds/debentures		
Debentures (<i>refer note below</i>)	17,00,00,000	15,46,00,000
	17,00,00,000	15,46,00,000
Short-term borrowings		
<i>Unsecured</i>		
Loan against deposits	-	13,50,000
Loans and advances from related parties	28,00,000	5,54,00,000
	28,00,000	5,67,50,000
Total	17,28,00,000	21,13,50,000

KSK Dibbin Hydro Power Private Limited

Notes to the Financial Statements

(All amounts in Indian Rupees, except share data and where otherwise stated)

Note :

The company has issued 15,460,000 optionally convertible redeemable debentures of Rs.10/- each to KSK Electricity Financing India Private Limited and 1,540,000 optionally convertible redeemable debentures of Rs.10/- each to KSK Energy Ventures Limited . These debentures carrying a coupon rate of 0.01% per annum are redeemable at the end of 10th year from the date of allotment.

5 Trade payables

	31 Mar 2015	31 Mar 2014
Dues to other than micro and small enterprises	15,90,076	3,74,086
	15,90,076	3,74,086

As at 31 March 2015 (31 Mar 2014: Rs.Nil) there are no amounts including interest payable to Micro and Small enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006, based on the information available with the Company.

6 Other current liabilities

	31 Mar 2015	31 Mar 2014
Current maturities of long-term debt	-	9,17,318
Interest accrued and due on borrowings	7,629	2,65,52,853
Creditors for capital goods (including retention money)	1,87,70,412	2,14,76,747
Share application money pending allotment	-	87,92,00,000
Salaries and bonus payable	2,28,260	7,80,358
Statutory liabilities	2,19,236	2,21,423
Total	1,92,25,537	92,91,48,699

8 Loans and advances

	31 Mar 2015	31 Mar 2014
Long-term loans and advances		
<i>Unsecured, considered good</i>		
Capital advances	4,21,65,690	4,21,65,690
Security deposits	1,32,40,000	1,32,40,000
Advance tax and TDS receivable (<i>net of provision for tax</i>)	37,554	11,121
	5,54,43,244	5,54,16,811
Short-term loans and advances		
<i>Unsecured, considered good</i>		
Advances for supplies/expenses	75,000	57,174
Prepaid expenses (<i>refer note below</i>)	5,90,707	7,55,403
Security deposits	90,100	40,100
	7,55,807	8,52,677
Total	5,61,99,051	5,62,69,488

Note :

- a The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

KSK Dibbin Hydro Power Private Limited**Notes to the Financial Statements**

(All amounts in Indian Rupees, except share data and where otherwise stated)

The following table sets out the status of the gratuity plan as required under AS 15(Revised)**Reconciliation of opening and closing balances of the present value of the defined benefit obligation**

	31 Mar 2015	31 Mar 2014
Present value of obligation at the beginning of the year	3,16,166	3,20,172
Interest cost	24,856	25,806
Current service cost	2,07,190	1,34,936
Benefits paid	(64,187)	
Actuarial loss/(gain) on obligation	31,010	(1,64,748)
Present value of obligation at the end of the year	5,15,035	3,16,166

Change in the fair value of assets

	31 Mar 2015	31 Mar 2014
Fair value of plan assets at the beginning of the year	10,71,569	9,85,351
Adjustments to opening Balance	(719)	
Expected return on plan assets	93,750	86,218
Contributions	5,825	-
Benefit Paid	(64,187)	-
Actuarial gain/(loss) on plan assets	(496)	-
Fair value of plan assets at the end of the year	11,05,742	10,71,569

Amounts recognized in the balance sheet

	31 Mar 2015	31 Mar 2014
Present value of obligation as at the end of the year	5,15,035	3,16,166
Fair value of plan assets at the end of the year	11,05,742	10,71,569
Funded status	5,90,707	7,55,403
Net (liability)/asset	5,90,707	7,55,403

Amounts recognized in the profit and loss account

	31 Mar 2015	31 Mar 2014
Current service cost	2,07,190	1,34,936
Interest cost	24,856	25,806
Expected return on plan assets	(93,750)	(86,218)
Net actuarial (gain) / loss recognized for the year	31,506	(1,64,748)
Expenses recognized in the profit and loss account	1,69,802	(90,224)

Asset information

Category of Assets	31 Mar 2015	31 Mar 2014
Insurer managed funds	100%	100%

Summary of actuarial assumptions

Discount rate	7.77%	8.75%
Salary escalation	10.00%	10.00%
Expected return on plan assets	9.00%	9.00%
Attrition rate	15.00%	15.00%

Discount rate: The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

Expected rate of return on plan assets: This is based on the expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

KSK Dibbin Hydro Power Private Limited

Notes to the Financial Statements

(All amounts in Indian Rupees, except share data and where otherwise stated)

7. Fixed assets

Particulars	Gross Block			Depreciation/Amortisation			Net Block		
	As at 1 Apr 2014	Additions during the year	Deletions during the year	As at 31 Mar 2015	As at 1 Apr 2014	For the year	On deletions	As at 31 Mar 2015	As at 31 Mar 2014
Tangible assets									
Buildings									
- Free hold	9,30,000			9,30,000	44,194	4,70,407		5,14,601	4,15,399
Plant and equipment	2,55,49,912			2,55,49,912	38,92,817	17,78,769		56,71,586	1,98,78,326
Furniture and Fittings	11,44,688	3,62,611		15,07,299	6,38,361	86,290		7,24,651	7,82,648
Computers	52,22,569	4,487		52,27,056	35,42,381	16,80,352		52,22,733	4,323
Office equipment	41,31,964	2,73,178		44,05,142	9,58,545	17,42,240		27,00,785	17,04,357
Vehicles	7,83,843			7,83,843	4,88,295	1,78,228		6,66,523	1,17,320
Total	3,77,62,976	6,40,276	-	3,84,03,252	95,64,592	59,36,286	-	1,55,00,879	2,29,02,373
Intangible assets									
Computer software	67,756	-	-	67,756	67,756	-	-	67,756	-
Total	67,756	-	-	67,756	67,756	-	-	67,756	-
Grand Total	3,78,30,732	6,40,276	-	3,84,71,008	96,32,348	59,36,286	-	1,55,68,635	2,29,02,373
Capital work-in-progress (refer note 2)									
Previous year									
Tangible assets	3,78,34,275	-	71,299	3,77,62,976	72,56,119	23,51,821	43,349	95,64,592	2,81,98,384
Intangible assets	67,756	-	-	67,756	67,756	-	-	67,756	-

Note :

1. Pursuant to the Companies Act 2013 (the 'Act'), being effective from 1 April 2014, the Company has provided depreciation based on useful life specified in Part 'C' of Schedule II of the Act. As a result of this change, the depreciation charge for the year ended 31 March 2015 is higher by Rs.4,239,573.

2. During the year the company has transferred Rs.301,900,000 to other hydro project, towards expenses incurred on their behalf with regard to exploration of project.

KSK Dibbin Hydro Power Private Limited**Notes to the Financial Statements**

(All amounts in Indian Rupees, except share data and where otherwise stated)

9 Cash and bank balances

	31 Mar 2015	31 Mar 2014
Cash and cash equivalents		
Cash on hand	35,006	1,03,728
Balances with banks on current account	14,30,64,081	8,28,543
	14,30,99,087	9,32,271
Other bank balances		
Deposits with banks held as margin money/security against guarantees or borrowings	15,20,616	14,05,987
	15,20,616	14,05,987
Total	14,46,19,703	23,38,258

10 Other assets

	31 Mar 2015	31 Mar 2014
Other current assets		
<i>Unsecured, considered good</i>		
Interest accrued on deposits	1,25,432	1,13,987
	1,25,432	1,13,987
Total	1,25,432	1,13,987

KSK Dibbin Hydro Power Private Limited**Notes to the financial statements**

(All amounts in Indian Rupees, except share data and where otherwise stated)

11 Contingent liabilities and capital commitments :**1) Contingent liabilities :** Rs.Nil (31 Mar 2014:Rs.Nil)**2) Capital commitments :**

	31 Mar 2015	31 Mar 2014
Estimated value of the contracts to be executed on capital account and not provided for	66,12,69,498	62,48,62,964

12 The Company has entered into certain operating lease agreements. During the year, an amount of Rs.100,000 (31 Mar 2014 : Rs. Nil) paid under such agreements has been included in “Rent” under expenditure during construction period, pending allocation. These agreements are cancellable in nature.

13 Related party disclosures**a) Parties where control exists:**

S.No.	Name of the related party	Relationship
1	KSK Energy Ventures Limited	Holding company

b) Parties where significant influence exists and where the transactions have taken place during the year:

S.No.	Name of the related party	Relationship
1	KSK Electricity Financing India Private Limited	Fellow subsidiary
2	KSK Upper Subansiri Hydro Energy Limited	Fellow subsidiary
3	Sai Regency Power Corporation Private Limited	Fellow subsidiary
4	North Eastern Electric Power Corporation Limited	Enterprises which exercise significant influence

c) Key management personnel

S.No.	Name of the related party	Relationship
1	Mr. M Balakrishnan	Managing Director (w.e.f. 25 March 2015)
2	Mr Sujit Kumar Datta	Whole time director (w.e.f. 25 March 2015)
3	Mr. Tanmay Das	Director
4	Mr S Kishore	Director (Upto 28 March 2015)
5	Mr K A Sastry	Director (Upto 28 March 2015)

d) Particulars of related party transactions during the year and balances outstanding (net):

Particulars	Year ended 31 Mar 2015		Year ended 31 Mar 2014	
	Parties where control exists	Parties where significant influence exists	Parties where control exists	Parties where significant influence exists
(i) Loans taken/(repaid)	1,82,00,000	(5,54,00,000)	(94,93,60,000)	21,00,00,000
(ii) Interest charges	877	15,461	6,96,55,762	3,812
(iii) Purchase of fixed assets	-	6,40,726	-	-
Balances				
(i) Amount payable	1,82,00,691	15,46,06,938	2,64,92,954	21,00,03,431

KSK Dibbin Hydro Power Private Limited

Notes to the Financial Statements

(All amounts in Indian Rupees, except share data and where otherwise stated)

14 Segment Reporting

As the Company is engaged only in the generation and sale of electricity, there are no differing risks and returns attributable to the Company's services or its clients. Pursuant to explanation given in AS 17, "Segment Reporting", no segment disclosure has been made in the financial statements, as the Company has only one business and one geographical segment.

15 Deferred tax

There is no deferred tax asset/liability required to be recognised as per AS-22 "Accounting for taxes on Income" as at balance sheet date.

16 In the opinion of the board, any of the assets other than fixed assets have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated on the balance sheet.

17 Previous year figures have been regrouped and reclassified wherever necessary to conform to the current year classification.

for T R Chadha & Co.,
Firm Registration No. 006711N
Chartered Accountants

for and on behalf of the Board

Pravin Jabade
Partner
Membership No. 107196

M Balakrishnan
Managing Director
DIN: 07129848

Tanmay Das
Director
DIN: 00680042

Place : Hyderabad
Date : 28 May 2015

Akula Vikram
Company Secretary